

COUNCIL AGENDA: 08-26-03

ITEM: 3.4

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Del D. Borgsdorf

SUBJECT: APPROVAL OF 2003-2004
GENERAL FUND
REBALANCING PLAN

DATE: August 13, 2003

Council District: City-wide

RECOMMENDATION

It is recommended that the City Council:

1. Approve the 2003-2004 General Fund Rebalancing Plan recommended in this memorandum and detailed in Attachments A and B.
2. Consistent with prior direction, unfreeze 26 of the 28 General Fund capital projects previously placed on hold pending resolution of the State budget as detailed in Attachment C. Approve the elimination of two of the frozen General Fund capital projects as part of the above-described rebalancing strategy.
3. Direct staff to return with Appropriation Ordinance and Funding Sources Resolution amendments and amendments to applicable fee resolutions necessary to implement the above actions.

BACKGROUND

As the City Council is aware, the State of California faced an unprecedented budget challenge this year with a 2003-2004 fiscal year shortfall estimated at \$38 billion. The State Senate and Assembly have now approved budget bills that the Governor has signed into law. As expected, the State budget includes a number of provisions that negatively impact the City's current General Fund Adopted Budget. This impact is estimated to be approximately \$10.8 million in 2003-2004, with \$400,000 of that amount being an ongoing loss.

In addition, budget actions are necessary to reflect the absence of a five-day mandatory unpaid furlough program for employees that was included as an ongoing \$3.5 million reduction in the budget adopted by the City Council in June. This memorandum is written to provide recommendations to close the \$14.3 million gap in the General Fund budget resulting from these two actions.

ANALYSIS

2003-2004 General Fund Budget Shortfall

A shortfall in the 2003-2004 General Fund Adopted Budget has been created as a result of two factors. The first is the impact of recently approved State budget-balancing provisions. Although there are a number of elements of the State budget balancing plan which result in revenue losses to the City, all but two of those impacts were presumed and accommodated in the 2003-2004 Adopted Budget. The two impacts not resolved in the Adopted Budget occur in the Vehicle License Fee (VLF) and Interest Earnings categories as described below.

The second budget problem category results from the failure to achieve agreement with City bargaining units on the savings which would have accrued from a five-day mandatory unpaid furlough for employees and that had been part of the balancing strategy assumed in the Adopted Budget.

Vehicle License Fees - By far the largest incremental loss to the budget results from the decision by the State to eliminate VLF backfill funding from the time when higher VLF fees were authorized in late June until revenue from the increase actually will begin to flow to local governments. This "gap" is approximately three months, and the loss to the City of San José is estimated to be approximately \$10.5 million for 2003-2004.¹

Interest Earnings - A portion of the State budget plan is commonly known as the "Triple Flip". In this strategy, the State "swaps" ½ cent of the Bradley-Burns sales tax for an equal amount of property tax beginning in 2004-2005. The ½ cent sales tax lost at the local level is then reenacted at the State level and is used as a dedicated stream of revenue to pay the debt service costs for borrowing a portion of its budget. On an ongoing basis, however, the "swap" will result in a loss of interest earnings to the City, since property tax reimbursement payments for the sales tax lost would only be paid twice a year (in January and May) compared to sales tax advances and payments currently received on a monthly basis. This loss is estimated at approximately \$400,000 and will be incurred for three years beginning in fiscal year 2004-2005. In addition, the loss of VLF revenue described above will result in a one-time loss of approximately \$300,000 in interest earnings in 2003-2004.

Five-Day Unpaid Furlough - Finally, the City Council-approved budget presumed savings from a mandatory five-day furlough for all employees as a balancing measure valued at \$3.5 million on an ongoing basis. Unfortunately, the City was unable to reach agreement on this proposal with any of its bargaining units and now must formulate alternative budget balancing strategies to fill the gap.

The combined effect of the State budget impacts and the loss of savings from the furlough is a 2003-2004 General Fund budget shortfall totaling \$14.3 million with an ongoing negative impact of \$3.9 million as detailed in Table I.

¹ VLF revenues from the increased VLF tax will continue to ramp up between the June "trigger" date and October 1 when the VLF will be at full implementation.

TABLE I
General Fund Budget Shortfall

	2003-2004	Ongoing
State Budget Impact		
Vehicle License Fee (VLF)	\$ (10,526,000)	\$ 0
Lost Interest Earnings on VLF/Triple Flip	<u>(300,000)</u>	<u>(400,000)</u>
State Budget Impact Subtotal	\$ (10,826,000)	\$ (400,000)
Absence of Five-Day Unpaid Employee Furlough	<u>(3,500,000)</u>	<u>(3,500,000)</u>
Total General Fund Budget Shortfall	<u>\$ (14,326,000)</u>	<u>\$ (3,900,000)</u>

Recommended 2003-2004 General Fund Rebalancing Plan

The General Fund Rebalancing Plan includes our recommended series of actions to close the total gap in the General Fund budget (\$14.3 million) described above. As displayed in Table II, the rebalancing plan is a combination of actions previously included in the State Budget Impact Contingency Plan (Tier II) reviewed by the City Council as part of the 2003-2004 Proposed Budget, and new proposals considered to have less impact on the City's ability to deliver services to the public. These budget balancing recommendations involve a combination of strategies including the use of reserves, utilization of additional one-time revenues, and additional ongoing reductions in City Service Area/departmental budgets.

TABLE II
General Fund Rebalancing Plan

	2003-2004	Ongoing
Additional Resources		
2003-2004 Future Deficit Reserve Elimination	\$ (5,548,231)	\$ 0
Sale of Surplus Property/Liquidation of Encumbrs.	(3,600,087)	0
Service Yards Debt Service Funding Shift	(608,272)	0
New Parks & Recr. Facilities Maint. Reserve Elim.	(224,000)	(224,000)
Other Revenue Changes	<u>(161,060)</u>	<u>(252,121)</u>
Additional Resources Subtotal	\$ (10,141,650)	\$ (476,121)
Expenditure Solutions		
Personal & Non-Personal/Equipment Eliminations/ Efficiencies	(3,506,013)	(3,210,311)
Other Funding Changes	<u>(678,337)</u>	<u>(240,837)</u>
Expenditure Solutions Subtotal	\$ (4,184,350)	\$ (3,451,148)
Total General Fund Rebalancing Plan	<u>\$ (14,326,000)</u>	<u>\$ (3,927,269)</u>
Remaining Balance	<u>\$ 0</u>	<u>\$ 27,269</u>

Attachments A and B contain the summary and detail of the 2003-2004 General Fund Rebalancing Plan. Actions that were not included in the Tier II plan are designated with an asterisk in these attachments to indicate that they are new proposals. As recommended as part of our strategy, over half of the shortfall would be closed by using the remainder of the reserve set aside specifically for balancing the 2003-2004 budget (\$5.5 million), along with the use of proceeds from the sale of surplus City properties and liquidation of encumbrances (\$3.6 million). We have also included the transfer of uncommitted Service Yards Construction and Conveyance Tax proceeds to reimburse the General Fund for Phase I Service Yard debt service costs incurred in 2002-2003 (\$0.6 million). These actions were included in the Tier II plan, and approved as part of the Mayor's June Budget Message and the Adopted Budget. Given the current continuing economic conditions and the certainty that the City faces a significant General Fund shortfall again in 2004-2005, we have not included or recommended the use of a portion of the Economic Uncertainty Reserve that was included in the Tier II plan, as we believe it to be imperative that this reserve remain intact.

The majority of the remaining recommended rebalancing actions have been formulated to include ongoing measures adequate to offset the estimated ongoing loss of revenue from State budget balancing actions and the value necessary to replace the unpaid furlough gap. This plan, again, is intended to keep us from worsening the fiscal problem that we already know faces us in the coming fiscal year.²

If approved by City Council, this recommended strategy will require the net elimination of 39.88 positions (8.0 vacant) and will have additional negative impacts on City services. These cutbacks are necessary and appropriate responses to a reduction in resources available to the City and are in keeping with our historically prudent fiscal management practices.

We also believe it is critical in formulating the current year budget rebalancing strategy to keep the additional fiscal problems that we know lie just over the horizon firmly in mind. Just as the City's current economic situation hit much later than the downturn felt in the private sector, our recovery will lag behind any recovery in the local economy -- and there are still no signs of improvement. It is clear, therefore, that the budget challenges will continue for some time. The 2003-2004 year's budget was balanced by using a deliberate multi-year strategy that relied, in part, on the use of one-time funding. With that strategy, however, came certain knowledge that more difficulties lay ahead. Our early projections indicate we face a likely General Fund shortfall approaching \$55 million in 2004-2005. Additional service reductions next year will be unavoidable. We certainly have learned from the example of the State, that postponing tough decisions now will only result in having to face worse options down the road.

² Further reductions in 2003-2004 City programs funded from the Redevelopment Agency may also be necessary once the Agency formulates its plans for balancing a fiscal problem that results from both the State budget impacts and from a more severe than anticipated drop-off in local Property Tax receipts. At this time, the nature of the Agency cutbacks is not yet known.

HONORABLE MAYOR AND CITY COUNCIL

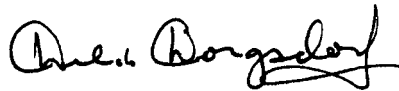
08-13-03

Subject: Approval of 2003-2004 General Fund Rebalancing Plan

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General Fund Capital Projects on Hold

As approved by the City Council, the Mayor's June Budget Message directed the Administration to unfreeze the General Fund capital projects that were placed on hold early in the calendar year pending resolution of the State Budget. Attachment C details the General Fund capital projects that are now recommended to proceed based on that direction. A total of 26 of the 28 General Fund capital projects previously placed on hold are included in that list. The Administration recommends that the City Council approve the elimination of two of the frozen General Fund capital projects (Neighborhood Park Signage Improvements and Miscellaneous Building Repairs) as part of the above-described rebalancing plan included in Attachments A and B.



DEL D. BORGSDORF
City Manager

Attachments:

Attachment A - 2003-2004 General Fund Rebalancing Plan Summary

Attachment B - 2003-2004 General Fund Rebalancing Plan Detail

Attachment C - General Fund Capital Projects Recommended to Proceed

2003-2004 General Fund Rebalancing Plan Proposal Summary

Proposed Changes	Positions	All Funds (\$)	2003-2004 General Fund (\$)	Ongoing General Fund (\$)
Economic & Neighborhood Development				
Community Code Enforcement Program Administrative Support <i>Planning, Building and Code Enforcement Dept.</i>	(1.00)	(60,500)	(60,500)	(60,500)
Community Code Enforcement Program <i>Planning, Building and Code Enforcement Dept.</i>	(1.00)	(97,991)	(97,991)	(97,991)
* Planning Services Non-Personal <i>Planning, Building and Code Enforcement Dept.</i>	0.00	(11,079)	(11,079)	(11,079)
Public Safety				
* Fire Administrative Support <i>Fire Department</i>	(1.00)	(48,663)	(48,663)	(64,884)
Office of Emergency Services Analytical Support <i>Office of Emergency Services</i>	(1.00)	(75,969)	(75,969)	(101,292)
* Police Administrative Support <i>Police Department</i>	(1.00)	(42,555)	(42,555)	(56,740)
* Police Project Crackdown Overtime Elimination <i>Police Department</i>	0.00	(137,800)	(137,800)	(137,800)

* New Proposal

2003-2004 General Fund Rebalancing Plan Proposal Summary

Proposed Changes	Positions	All Funds (\$)	2003-2004 General Fund (\$)	Ongoing General Fund (\$)
Recreation and Cultural Services				
Future Teacher Loan Program Elimination <i>City-Wide Expenses</i>	0.00	(200,000)	(200,000)	
* Arts Program Coordinator <i>Conventions, Arts & Entertainment/General Fund Capital, Transfers, and Reserves</i>	(1.00)	(90,837)	(90,837)	(90,837)
Neighborhood Park Signage Improvements <i>General Fund Capital, Transfers, and Reserves</i>	0.00	(50,000)	(50,000)	
Fee Increase: Library Community Rooms <i>Library Department</i>	0.00	(30,000)	(30,000)	(30,000)
* Library Staffing <i>Library Department</i>	(3.00)	(232,161)	(232,161)	(232,161)
Animal Care & Services Program <i>Parks, Recreation and Neighborhood Services Dept./ City-Wide Expenses</i>	(1.00)	(52,726)	(52,726)	(52,726)
* Parks Maintenance <i>General Services Department</i>	(5.00)	(295,998)	(295,998)	(295,998)
* City-Wide Sports <i>Parks, Recreation and Neighborhood Services Dept.</i>	(0.75)	(35,912)	(35,912)	(35,912)
Fees: Increase/Extend City Fee Class Surcharge <i>Parks, Recreation and Neighborhood Services Dept.</i>	0.00	(54,960)	(54,960)	(109,921)
Fee Increase: Various Park Permits, Picnic Reservations, and Wedding Room Reservations <i>Parks, Recreation and Neighborhood Services Dept.</i>	0.00	(17,100)	(17,100)	(34,200)

* New Proposal

2003-2004 General Fund Rebalancing Plan Proposal Summary

Proposed Changes	Positions	All Funds (\$)	2003-2004 General Fund (\$)	Ongoing General Fund (\$)
Recreation and Cultural Services (Cont'd.)				
* Community Centers Administrative Support <i>Parks, Recreation and Neighborhood Services Dept.</i>	(1.37)	(46,496)	(46,496)	(46,496)
* Community Services Administrative Support <i>Parks, Recreation and Neighborhood Services Dept.</i>	(1.26)	(47,954)	(47,954)	(47,954)
Transportation				
* Police Traffic Program Overtime <i>Police Department</i>	0.00	(112,500)	(112,500)	(150,000)
Landscape Services Program-Sweeping and Cleaning <i>Transportation Department</i>	0.00	(112,500)	(112,500)	(150,000)
Pavement Maintenance Program Sealing <i>Transportation Department</i>	(4.00)	(576,947)	(538,174)	(510,848)
* Traffic Maintenance Program <i>Transportation Department</i>	(2.00)	(136,686)	(136,686)	(136,686)
* Traffic Operations & Planning <i>Transportation Department</i>	(2.00)	(159,160)	(122,144)	(122,144)
* Transportation Department Reorganization Completion <i>Transportation Department</i>	(1.00)	(116,828)	(46,700)	(46,700)

* New Proposal

2003-2004 General Fund Rebalancing Plan Proposal Summary

Proposed Changes	Positions	All Funds (\$)	2003-2004 General Fund (\$)	Ongoing General Fund (\$)
Strategic Support				
2003-2004 Future Deficit Reserve Elimination <i>General Fund Capital, Transfers, and Reserves</i>	0.00	(5,548,231)	(5,548,231)	
Miscellaneous Building Repairs <i>General Fund Capital, Transfers, and Reserves</i>	0.00	(225,000)	(225,000)	
* New Parks & Recreation Facilities Maintenance Reserve <i>General Fund Capital, Transfers, and Reserves</i>	0.00	(224,000)	(224,000)	(224,000)
Sale of Surplus Property/Liquidation of Encumbrances <i>General Fund Capital, Transfers, and Reserves</i>	0.00	(3,600,087)	(3,600,087)	
Service Yards Debt Service Funding Shift <i>City-Wide Expenses</i>	0.00		(608,272)	
Employee Health Services Staffing <i>Employee Services Department</i>	(0.50)	(30,997)	(30,997)	(40,730)
* Employment Staffing <i>Employee Services Department</i>	(2.00)	(106,842)	(106,842)	(141,682)
Fees: Special Accounting Services <i>Finance Department</i>	0.00	(59,000)	(59,000)	(78,000)
* Financial Reporting & Management <i>Finance Department</i>	(3.00)	(208,319)	(208,319)	(254,012)
* Vehicle Maintenance <i>General Services Department</i>	(3.00)	(224,926)	(179,941)	(179,941)

* New Proposal

2003-2004 General Fund Rebalancing Plan Proposal Summary

Proposed Changes	Positions	All Funds (\$)	2003-2004 General Fund (\$)	Ongoing General Fund (\$)
Strategic Support (Cont'd.)				
* Information Technology Customer Support <i>Information Technology Department</i>	(1.00)	(116,440)	(116,440)	(116,440)
Information Technology and Communication Program Staffing <i>Information Technology Department</i>	(3.00)	(269,595)	(269,595)	(269,595)
Council Appointees Reductions <i>Offices of City Attorney, City Auditor, City Clerk, City Manager, Independent Police Auditor, Mayor and City Council</i>	0.00	(451,871)	(451,871)	
TOTAL	(39.88)	(13,908,630)	(14,326,000)	(3,927,269)

CITY OF SAN JOSE

2003-2004 General Fund Rebalancing Plan Proposal Detail

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
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Economic & Neighborhood Development

Community Code Enforcement Program Administrative Support	(1.00)	(60,500)	(60,500)
<i>Planning, Building and Code Enforcement Dept.</i>			

This proposal would eliminate a vacant Office Specialist position in the Community Code Enforcement Program. The position is part of the staff team that receives and processes all the resident complaints, and the elimination of this position will necessitate remaining staff to continue absorbing this workload. (Ongoing savings: \$60,500)

Community Code Enforcement Program	(1.00)	(97,991)	(97,991)
<i>Planning, Building and Code Enforcement Dept.</i>			

This proposal would eliminate a vacant Code Enforcement Inspector position and non-personal expenditures. The position has been vacant since February, 2003. This elimination would prevent an approximate 6% improvement in response time to complaints in non-targeted areas of the City that would occur if the position was retained and filled. (Ongoing savings: \$97,991)

Planning Services Non-Personal	0.00	(11,079)	(11,079)
<i>Planning, Building and Code Enforcement Dept.</i>			

This proposal would reduce the Planning Services Division non-personal by \$11,079. Reduction to non-personal would impact the Planning Services Division's ability to reprint copies of area plans. (Ongoing savings: \$11,079)

Public Safety

Fire Administrative Support	(1.00)	(48,663)	(48,663)
<i>Fire Department</i>			

This proposal would eliminate a filled Senior Office Specialist position. Elimination of the Senior Office Specialist position would eliminate one-half of the non-fee related senior clerical positions in the department and would result in increased turnaround times for department-wide support functions. (Ongoing savings: \$64,884)

CITY OF SAN JOSE

2003-2004 General Fund Rebalancing Plan

Proposal Detail (Cont'd.)

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
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Public Safety (Cont'd.)

Office of Emergency Services Analytical Support <i>Office of Emergency Services</i>	(1.00)	(75,969)	(75,969)
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This proposal would eliminate a filled Senior Analyst position. This action would impact the Office's analytical capability and eliminate assistance provided by the Office to departments for emergency plan writing. In addition, this action may impact employee Basic Standardized Emergency Management System class frequencies, and may reduce the Office's community and intergovernmental coordination activities. In order to mitigate the impact of this proposal, however, the utilization of a temporary pool Analyst for a portion of the fiscal year is recommended as part of this proposal, pending an analysis of alternative methods of service delivery. Revenue from the Federal Department of Homeland Security for emergency planning purposes will be used to offset the cost of the pool Analyst. (Acceptance of the grant is included as part of a separate recommendation on the August 26, 2003 Council Agenda.) (Ongoing savings: \$101,292)

Police Administrative Support <i>Police Department</i>	(1.00)	(42,555)	(42,555)
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This proposal would eliminate a filled Office Specialist position in Field Operations. Elimination of the Office Specialist position would result in increased turnaround times for department-wide support functions. (Ongoing savings: \$56,740)

Police Project Crackdown Overtime Elimination <i>Police Department</i>	0.00	(137,800)	(137,800)
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This proposal would eliminate overtime funding for Police Officer participation in Project Crackdown. The duties performed by Police Officers on an overtime basis have been incorporated into the Police Community Policing Plan as part of the patrol function and will not result in a reduction in the current service levels. The Police Department will also continue to form partnerships with neighborhoods and business associations in an effort to reduce crime. (Ongoing savings: \$137,800)

Recreation and Cultural Services

Future Teacher Loan Program Elimination <i>City-Wide Expenses</i>	0.00	(200,000)	(200,000)
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This proposal would eliminate on a one-time basis, new funding in the 2003-2004 budget to provide tuition/education expense loans to students who intend to become teachers. Sufficient balance remains from the 2002-2003 fiscal year to cover the loan program in the new year, with no impacts expected to the ongoing program. (Ongoing savings: \$0)

* New Proposal

CITY OF SAN JOSE

2003-2004 General Fund Rebalancing Plan

Proposal Detail (Cont'd.)

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
Recreation and Cultural Services (Cont'd.)			
Arts Program Coordinator <i>Conventions, Arts & Entertainment Department/ General Fund Capital, Transfers and Reserves</i>	(1.00)	(90,837)	(90,837)
<p>This proposal would eliminate a vacant Arts Program Coordinator position. A similar position will be redeployed to support Public Art activities. Elimination of this position, one of four, could impact the department's ability to assist and support arts groups and coordinate public space program planning and advanced cultural planning and development. (Ongoing savings: \$90,837)</p>			
Neighborhood Park Signage Improvements <i>General Fund Capital, Transfers, and Reserves</i>	0.00	(50,000)	(50,000)
<p>This proposal would eliminate \$50,000 in capital funding for neighborhood park signage improvements. On March 25, 2003, these funds were placed on hold pending the resolution of the budget. This represents a small portion of the \$250,000 that was initially allocated in 2000-2001 for the replacement and renovation of park signs in neighborhood parks. (Ongoing savings: \$0)</p>			
Fee Increase: Library Community Rooms <i>Library Department</i>	0.00	(30,000)	(30,000)
<p>This proposal would increase the current fee to rent a library community room from \$10 per event to \$35 per hour to bring these fees to the same level charged for similar room rentals in City community centers. (Ongoing savings: \$30,000)</p>			
Library Staffing <i>Library Department</i>	(3.00)	(232,161)	(232,161)
<p>This proposal would eliminate one Library Clerk and two Librarian II positions, all of which are vacant. Elimination of these Library positions would increase turnaround time to assist patrons and answer questions. (Ongoing savings: \$232,161)</p>			
Animal Care & Services Program <i>Parks, Recreation and Neighborhood Services Dept. City-Wide Expenses</i>	(1.00)	(52,726)	(52,726)
<p>This proposal would eliminate a vacant Kennel Attendant position. The care and housing of stray animals is a program that in the past has been provided by the Humane Society. In 2003-2004, the City will be assuming this responsibility by opening the new Animal Care Center. Elimination of this position would leave nine technicians to support veterinary services. (Ongoing savings: \$52,726)</p>			

* New Proposal

CITY OF SAN JOSE

2003-2004 General Fund Rebalancing Plan Proposal Detail (Cont'd.)

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
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Recreation and Cultural Services (Cont'd.)

Parks Maintenance <i>General Services</i>	(5.00)	(295,998)	(295,998)
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This proposal would eliminate two Groundworkers, two Gardeners and a Maintenance Worker, all of which are vacant. Elimination of these maintenance positions may result in a reduction to the condition assessment of park facilities. (Ongoing savings: \$295,998)

City-Wide Sports <i>Parks, Recreation and Neighborhood Services Dept.</i>	(0.75)	(35,912)	(35,912)
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This proposal would eliminate a vacant part time Maintenance Assistant position in the softball maintenance unit. Unlighted softball fields (24-28 fields) would be maintained every 14 days instead of seven days. The unlighted fields are usually reserved by other outside organizations or department programs, and are used on a daily basis. Quality of the unlighted softball fields may be diminished with the loss of this position, which may result in some lost revenue due to lower customer satisfaction levels. (Ongoing savings: \$35,912)

Fees: Increase/Extend City Fee Class Surcharge <i>Parks, Recreation and Neighborhood Services Dept.</i>	0.00	(54,960)	(54,960)
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This proposal would increase the surcharge paid by participants in City Parks, Recreation and Neighborhood Services fee classes of three meetings or more by \$1.00, from \$7.00 to \$8.00 per registration for residents and from \$12.00 to \$14.00 for non-residents. In addition, it would extend the application of the surcharge to the multi-day School Age Growth and Enrichment (SAGE) Sports Camps and Day Camps. Class participation is not expected to drop significantly since the cost of City programs is still well below that of private instruction and services. (Ongoing savings: \$109,921)

Fee Increase: Various Park Permits, Picnic Reservations, and Wedding Reservations <i>Parks, Recreation and Neighborhood Services Dept.</i>	0.00	(17,100)	(17,100)
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This proposal would increase various fees related to regional parks and facilities, ranging from 9-20%. The following fees would be impacted: Picnic Reservation (\$115 to \$125); Wedding Reservation (\$175 to \$200); Japanese Friendship Gardens Wedding (\$1,000 to \$1,200); Special Park Use Large Event Permit (\$1,200 to \$1,300); Special Park Use Small Event Permit (\$450 to \$500); and Series Events Permit (\$2,000 to \$2,200). If approved, this action would bring these services closer to full cost recovery, but would also represent a fee increase for these categories two years in a row. (Ongoing savings: \$34,200)

CITY OF SAN JOSE

2003-2004 General Fund Rebalancing Plan

Proposal Detail (Cont'd.)

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
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Recreation and Cultural Services (Cont'd.)

Community Centers Administrative Support <i>Parks, Recreation and Neighborhood Services Dept.</i>	(1.37)	(46,496)	(46,496)
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This proposal would eliminate 1.37 vacant part-time Recreation Leader positions supporting the Community Center Administration unit. As a result of PRNS's reorganization, these duties have been absorbed by the Marketing and Training units. Available hours for outreach and staff support training will be impacted. (Ongoing savings: \$46,496)

Community Services Administrative Support <i>Parks, Recreation and Neighborhood Services Dept.</i>	(1.26)	(47,954)	(47,954)
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This proposal would eliminate 1.26 vacant part-time Youth Outreach Worker I positions supporting the Community Services division. These positions, in the Community Pride Project, provided for outreach and recruitment of high risk, gang-involved individuals to promote healthier lifestyles. The responsibilities have been absorbed into the STAND/Turn It Around programs; therefore, no service level impact is expected. (Ongoing savings: \$47,954)

Transportation

Police Traffic Program Overtime <i>Police Department</i>	0.00	(112,500)	(112,500)
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This proposal would reduce overtime funding in the Police Department's Traffic Program by approximately 44% in 2003-2004. The Department will utilize on-duty Police Officers to maintain current service levels in the downtown area to mitigate any potential service level impacts resulting from this proposal. (Ongoing savings: \$150,000)

Landscape Services Program-Sweeping and Cleaning <i>Transportation Department</i>	0.00	(112,500)	(112,500)
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This proposal would reduce contractual funding for Transit Mall cleaning services. Customers would notice minor impacts in services, but over time the granite appearance in the Transit Mall would decline. As a result, the anticipated customer service rating may decline from 95% to 85% in the first year and then to 75% in the following year. (Ongoing savings: \$150,000)

* New Proposal

CITY OF SAN JOSE

2003-2004 General Fund Rebalancing Plan

Proposal Detail (Cont'd.)

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
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Transportation (Cont'd.)

Pavement Maintenance Program Sealing <i>Transportation Department</i>	(4.00)	(576,947)	(538,174)
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This proposal would reduce funding for pavement sealing, while maintaining current service levels for pothole patching and other corrective work. Four vacant positions would be eliminated (a Maintenance Assistant, two Maintenance Worker I's, and a Maintenance Worker II). The non-personal/equipment budget for pavement would be reduced by \$350,000. As a result, 4 miles of residential streets (out of 43 targeted) and 4 miles of arterial/collector streets (out of 52 targeted) would not receive surface seal treatments, extending the maintenance cycle by an additional year for residential streets and by half a year for arterial/collector streets. (Ongoing savings: \$549,621)

Traffic Maintenance Program <i>Transportation Department</i>	(2.00)	(136,686)	(136,686)
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This proposal would eliminate two vacant Maintenance Worker II positions in the Traffic Maintenance Core Service. These positions deliver traffic signal maintenance and streetlight maintenance services. The Department of Transportation will endeavor to manage resources to prevent service level impacts on emergency maintenance and corrective maintenance work requested by residents. However, if other vacancies in the Traffic Maintenance Core Service remain frozen for an extended period of time, targeted service levels for emergency traffic signal work may decline slightly, routine maintenance work on traffic signals, Intelligent Transportation Systems Devices, and signal communications systems may decrease, and the target for the percent of streetlights repaired within seven days may also need to be adjusted downward from the current 2003-2004 target of 92%. (Ongoing savings: \$136,686)

Traffic Operations & Planning <i>Transportation Department</i>	(2.00)	(159,160)	(122,144)
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This proposal would eliminate a vacant Associate Engineering Technician and a vacant Senior Engineering Technician position. Elimination of these positions in traffic operations and planning reduces staff support in responding to requests for traffic signals and geometric design as well as support for local policy and planning. (Ongoing savings: \$159,160)

Transportation Department Reorganization Completion <i>Transportation Department</i>	(1.00)	(116,828)	(46,700)
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This proposal would eliminate a vacant Associate Engineer in Local Policy and Planning from the Department of Transportation, and reallocate the funding for two Deputy Directors to more accurately reflect their revised duties following the department reorganization that was approved as part of the Adopted Budget, resulting in General Fund savings. (Ongoing savings: \$116,828)

* New Proposal

CITY OF SAN JOSE

2003-2004 General Fund Rebalancing Plan

Proposal Detail (Cont'd.)

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
Strategic Support			
2003-2004 Future Deficit Reserve Elimination <i>General Fund Capital, Transfers, and Reserves</i>	0.00	(5,548,231)	(5,548,231)
This proposal would eliminate the remaining funds that were set aside for the 2003-2004 Deficit. (Ongoing savings: \$0)			
Miscellaneous Building Repairs <i>General Fund Capital, Transfers, and Reserves</i>	0.00	(225,000)	(225,000)
This proposal would eliminate \$225,000 in capital funding for miscellaneous building repairs that was placed on hold on March 25, 2003 pending the resolution of the budget. This represents a portion of the \$759,000 that was first allocated in 2001-2002 to address maintenance repairs and rehabilitation of City buildings. In order to address emergency/unanticipated building repairs, an ongoing allocation of \$200,000 is available. (Ongoing savings: \$0)			
New Parks & Recreation Facilities Maintenance Reserve <i>General Fund Capital, Transfers, and Reserves</i>	0.00	(224,000)	(224,000)
This proposal would eliminate a New Parks & Recreation Facilities Maintenance Reserve that was inadvertently omitted from liquidation in the development of the 2003-2004 Adopted Operating Budget. (Ongoing savings: \$224,000)			
Sale of Surplus Property/Liquidation of Encumbrances <i>General Fund Capital, Transfers, and Reserves</i>	0.00	(3,600,087)	(3,600,087)
This proposal would recognize additional 2003-2004 Fund Balance to be received from the: 1) sale of surplus property; and 2) liquidations of encumbrances in the General Fund. Determining the final amounts available from these sources will involve careful and complete review of all disposable properties and outstanding General Fund encumbrances. (Ongoing savings: \$0)			
Service Yards Debt Service Funding Shift <i>City-Wide Expenses</i>	0.00	0	(608,272)
This proposal would transfer additional uncommitted Service Yards Construction and Conveyance Tax proceeds and interest earnings to reimburse the General Fund for 2002-2003 Phase I Service Yard Expansion project debt service costs. (Ongoing savings: \$0)			

* New Proposal

CITY OF SAN JOSE

2003-2004 General Fund Rebalancing Plan Proposal Detail (Cont'd.)

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
Strategic Support (Cont'd.)			
Employee Health Services Staffing <i>Employee Services Department</i>	(0.50)	(30,997)	(30,997)
<p>This proposal would reduce a filled Senior Medical Assistant position to part-time, resulting in a further decrease in employee health services offerings. Preventative screenings would be limited in order to focus on legally mandated or contractually obligated (i.e., MOA's) health services. (Ongoing savings: \$40,730)</p>			
Employment Staffing <i>Employee Services Department</i>	(2.00)	(106,842)	(106,842)
<p>This proposal would eliminate both a filled Analyst position and a filled Office Specialist position in the employment services section. These additional reductions would limit resources to focus on key position vacancy recruitments and succession management efforts in response to the City's aging workforce. (Ongoing savings: \$141,682)</p>			
Fees: Special Accounting Services <i>Finance Department</i>	0.00	(59,000)	(59,000)
<p>This proposal would establish new fees to employees to reimburse the City for the costs of processing payroll attachments, replacement W-2s, and employment verification. The proposed fees would defray the costs of administering and maintaining these services that are beyond the basic service level. (Ongoing savings: \$78,000)</p>			
Financial Reporting & Management <i>Finance Department</i>	(3.00)	(208,319)	(208,319)
<p>This proposal would eliminate an Accountant, an Administrative Officer and a Secretary position. Of these positions the Accountant is vacant, the Secretary position is soon to be vacant and the Administrative Officer is filled. Elimination of these positions would reduce support in payroll services, revenue enhancement services, and Debt and Risk Management administrative support. To mitigate impact to revenue enhancement services, the conversion of an Investigator Collector to a Senior Investigator Collector position is also recommended. (Ongoing savings: \$254,012)</p>			
Vehicle Maintenance <i>General Services Department</i>	(3.00)	(224,926)	(179,941)
<p>This proposal would generate city-wide vehicle maintenance and operations cost savings resulting from the elimination of one Accountant, one Equipment Maintenance Assistant and one Mechanic position, all of which are vacant. Elimination of the Accountant position would have minimal impact on accounting functions since the position has been vacant since 2001 and the elimination of the vehicle positions would increase the turnaround time for scheduled preventative maintenance activities. (Ongoing savings: \$224,926)</p>			

* New Proposal

CITY OF SAN JOSE

2003-2004 General Fund Rebalancing Plan

Proposal Detail (Cont'd.)

Proposed Changes	Positions	All Funds (\$)	General Fund (\$)
Strategic Support (Cont'd.)			
Information Technology Customer Support <i>Information Technology Department</i>	(1.00)	(116,440)	(116,440)
<p>This proposal would eliminate a vacant Information Systems Analyst (ISA) position. Elimination of the ISA would result in a decline in technology services provided to Parks, Recreation and Neighborhood Services staff and enterprise technology staff. (Ongoing savings: \$116,440)</p>			
Information Technology and Communication Program Staffing <i>Information Technology Department</i>	(3.00)	(269,595)	(269,595)
<p>This proposal would eliminate three vacant positions (a Communications Technician, a Senior Systems Application Programmer, and a Systems Application Programmer) in the Information Technology Department. Responsibilities for these positions include: website design, support of Fire Department databases, and radio system repairs and replacements. (Ongoing savings: \$269,595)</p>			
Council Appointees Reductions <i>Offices of City Attorney, City Auditor, City Clerk, City Manager, Independent Police Auditor, Mayor, and City Council</i>	0.00	(451,871)	(451,871)
<p>This action would represent a proposed expenditure reduction for all Council Appointee Offices. The funding amounts, with the exception of the Independent Police Auditor's Office, are consistent with the percentage of all other departmental reductions contained in this rebalancing plan. The Independent Police Auditor's Office amount is consistent with the average of the Public Safety CSA reduction. Details of these reductions by each Office are described in a separate memorandum from the Mayor's Office. (Ongoing savings: \$0)</p>			
2003-2004 Proposed Changes Total	(39.88)	(13,908,630)	(14,326,000)

* New Proposal

GENERAL FUND CAPITAL PROJECTS RECOMMENDED TO PROCEED

Project	Council District	Amount
San Tomas Aquino Road & Payne Avenue Sidewalk	1	205,000
Eden/Lynhaven Neighborhood Crosswalk Uplights	1	89,000
Westmont Avenue Crosswalk Uplights (Westmont High School)	1	88,000
Former Fire Station 27 Community Park	2	279,000
Southside Community Center Portable	2	701,000
Community Park at Floyd and Locust	3	87,000
Tamien Station Skateboard Park	3	630,000
Lower Silver Creek Pedestrian/Bicycle Bridge	5	215,000
PG & E Easement at Wenlock Drive*	5	200,000
Streetlighting at Elementary Schools	5	270,000
Streetlighting at Cooley Drive & Shortridge Avenue	5	85,000
Buena Vista Park*	6	28,000
W. Hedding & Elm Street Landscaping	6	115,000
Lincoln Avenue Crosswalk Uplights	6	180,000
Street Reconstruction Projects (Spencer/Brown St.)	6	974,000
Senter Road & Wool Creek Drive Traffic Signal Installation	7	250,000
Holly Hill Infrastructure Improvements	7	128,000
Towers Lane Improvements	7	1,140,000
Boggini Park Little League Field Upgrade	8	138,000
Kirk Community Center Landscaping & Outdoor Fixtures	9	206,000
Senior Friendly Park Elements (Almaden Lake Park)	10	62,000
Almaden Winery Center Conversion	10	2,134,000
Carabelle Park Play Area	10	200,000
Hoffman/Via Monte Neighborhood Center	10	350,000
Redmond Ave. Median Island Landscaping (Meridian-Strelow)	10	302,000
Open Space - Greenbelt	Citywide	300,000
Miscellaneous Building Repairs**	Citywide	0
Neighborhood Park Signage Improvements**	Citywide	0
		9,356,000

* Council District Construction and Conveyance Tax Funds had been used to fund these projects while the General Fund funding was placed on hold. These funds will be reimbursed to the appropriate Council Districts.

** \$225,000 of the Miscellaneous Building Repairs allocation and \$50,000 of the Neighborhood Park Signage Improvements allocation was placed on hold pending resolution of the State Budget. These amounts are recommended to be eliminated as part of the 2003-2004 General Fund Rebalancing Plan.